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(Policy)

12 December 1960

**MEMORANDUM FOR: Director of Central Intelligence****SUBJECT: Directive by the President Concerning  
Steps to be Taken with Respect to the  
United States Balance of Payments**

1. This paper is primarily for your information. Recommendations for your consideration are in paragraph 8.

2. Applicable parts of President's directive

In the subject directive the President explains the problem of the current unfavorable balance of payments and issues general and specific instructions on the action to be taken by departments and agencies of the United States Government to improve the situation. The parts of the President's directive which directly apply to the Agency are paragraphs 6 and 7 which prescribe that:

"6. The heads of all Departments and Agencies which have personnel stationed abroad shall take all measures to make reductions in personnel and dependents stationed abroad when such reduction can be accomplished without impairing the fulfillment of essential United States policy objectives. Similarly, all Departments and Agencies engaging in procurement abroad shall review their operations with a view to taking steps wherever feasible to reduce such procurement.

"7. Each officer referred to above and each Department and Agency head to whom paragraph 6 above applies shall submit reports to me not later than December 15, 1960, specifying the steps taken to comply with the directives set forth herein. . . ."

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### 3. Action required

We interpret these instructions to mean that this Agency is obligated:

- a. To consider the practicability of reducing the number of personnel stationed overseas, with especial attention to countries with hard currency, without impairing the fulfillment of essential objectives of United States policy.
- b. To reduce the number of dependents residing abroad, especially in countries with hard currency, without impairing the fulfillment of essential objectives of United States policy.
- c. To review our operations abroad for the procurement of currencies, materials and services with a view to reducing the dollar outflow wherever feasible.
- d. To submit a report from the Director to the President in compliance with paragraph 2 above.

### 4. Employees

- 25X9 [ ] a. On 30 November 1959 the Agency had a total of [ ] staff employees stationed overseas. By 30 November 1960 this total had been reduced to [ ] 25X9
- 25X1A The majority of these reductions took place in hard currency areas ( [ ] ), while some increases in personnel strength were made in underdeveloped areas such as Africa and Latin America. As you know the vast majority

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[ ] 25X1C

[ ] We have good reason to believe that the number of our representatives abroad will not be affected by the policies or practices adopted by these two Departments pursuant to the President's directive. We can assume in other words that neither of these Departments will bring pressure on the Agency to reduce personnel strength in proportion to any reductions they may put into effect. At this stage it appears unlikely that either of these

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Departments will reduce the strength of their civilian representatives overseas to such an extent that the number of our personnel would become conspicuous. Nevertheless the President's directive clearly states that each agency must make all possible efforts to reduce the number of personnel stationed abroad when such reduction can be made without impairing the fulfillment of essential national objectives. What you recommend regarding our strength overseas in compliance with the President's directive is for your independent decision.

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b. [ ] has named the [ ] countries listed below as having sound currency. At present the Agency has a total of about [ ] people in these countries under official cover, distributed as shown. A preliminary reappraisal of our objectives and requirements in these countries shows that we may be able to reduce our total strength by between ten and fifteen percent without impairing the fulfillment of essential United States policy objectives. If we have your decision to reduce our strength and an indication of the scale of reduction for which we should strive, I shall have our activities in these areas carefully and promptly reviewed to determine which can be reduced or abolished. Thereafter I shall submit specific recommendations.

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c. We shall make the reductions which you approve by withdrawing at the end of their tours the employees now engaged in functions that will be reduced or abolished and not replacing them. Some of the employees so removed will be transferred to other areas where we wish to expand our activities and others will be surplus to our needs or will make other less valuable employees surplus. We shall deal with this surplus under our Manpower Control Program which we hope will be in effect early in 1961.

d. At present we have serving abroad about ☐ employees 25X1A under nonofficial cover. For some time our objective has been to increase the number of operatives under nonofficial cover and to improve the effectiveness and the accomplishments of people who are working under nonofficial cover. This is a long range undertaking and will require highly qualified officers who are willing to remain in a particular overseas area for a considerable period of time. I believe we should take no action to reduce the relatively small number of employees now serving under nonofficial cover or to slacken our efforts to send additional people overseas under these arrangements.

##### 5. Dependents

a. The President in his directive emphasized the need for reduction and thereafter limitation of the number of U. S. family dependents abroad. He stated that for the military, including their civilian employees, a total of not more than 200,000 dependents should be overseas at any one time, subject to his annual review of this maximum number. The reduction to this number from about 484,000 should begin the first of the year 1961 and should apply as much as possible to the highly industrialized countries with strong currencies.

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areas after 31 January 1961 [ ] In light of these circumstances, extensions of tours of duty for our personnel holding key positions abroad may have to be considered. Where it is possible for us to reduce the number of dependents by rotation of equally competent employees having substantially fewer dependents, such action will have to be considered.

f. We should take no action with respect to the dependents of persons serving under nonofficial cover since we are attempting to encourage people to go abroad under nonofficial cover. The number of people serving under these arrangements is relatively small. Also in certain instances we will be required to conform with the practices of the cover company which in all likelihood will not impose any restrictions on dependents accompanying their representatives to overseas assignments.

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**7. Expenditure of U. S. dollars abroad**

a. A review of the Agency's foreign funding activities discloses that the direct outflow of U. S. dollars and dollar

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14 DEC 1964

**MEMORANDUM FOR: The President**

**SUBJECT: United States Balance of Payments**

1. In compliance with paragraph 6 of your directive of November 16 I am taking the following action to reduce the expenditure of dollars abroad and thus contribute to an improvement in the U. S. balance of payments.

2. I have directed that a careful review be made of the number of our employees and their dependents now overseas for the purpose of determining where we may reduce our numbers without impairing the fulfillment of essential objectives of United States policy. Likewise we shall examine our expenditure abroad to reduce the outflow of dollars wherever possible. We shall pay particular attention to reductions which we can make in the countries with strong currencies.

3. As you are aware this Agency is at present performing more tasks of an urgent and sensitive nature than ever before. There is no indication that these tasks will diminish. Fortunately, however, most of the requirements now being placed upon the Agency pertain to areas in which the problem of balance of payments is not acute. Our plans provide for the transfer of some strength away from strong currency areas. Hence, although we do not now foresee an ability to reduce materially our overall strength we can expect redistribution to contribute somewhat to improving our balance of payments.

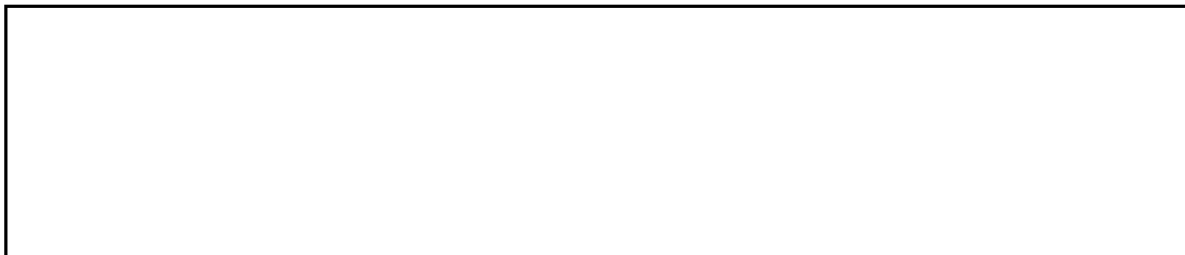
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**SIGNED:**

**Allen W. Dulles**  
**Director**

**C/OPSER:D. DeB:jm (10 Dec. 1960)**

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